

Amendments to the Claims

Claim 1 (Original): A computer method for adjusting portfolios of fixed income instruments of multiple parties comprising:

storing in memory of at least one computer digital data representing portfolio holdings of multiple parties;

storing in the memory of at least one computer digital data representing constraints that define trading requirements of the parties;

converting, using at least one computer, the digital data representing the portfolios of multiple parties and the digital data representing the constraints of the multiple parties to optimization digital data adapted for processing by an optimization engine; and

optimizing using at least one computer the optimization digital data so as to generate a set of trades among the parties that rebalance the parties' portfolios in accordance with parties' constraints such that the portfolios are substantially optimized with respect to a predetermined objective.

Claim 2 (Original): The method of claim 1 further comprising supplying to the optimization engine digital data representing pricing information for fixed-income instruments of the portfolios, the pricing information being provided by an unbiased source, wherein the unbiased source is not a publicly-available database.

Claim 3 (Original): The method of claim 1 wherein the digital data representing the constraints includes digital data representing user constraints defining

relationships between portfolio instruments that should be satisfied in a resultant portfolio produced by the optimization engine during optimizing.

Claim 4 (Original): The method of claim 3 wherein the user constraints include digital data representing duration neutrality constraints.

Claim 5 (Original): The method of claim 3 wherein the user constraints include digital data representing convexity neutrality constraints.

Claim 6 (Original): The method of claim 3 wherein the user constraints including digital data representing par-value weighted attributes.

Claim 7 (Original): The method of claim 3 wherein the user constraints include digital data representing proceeds bounding within sectors.

Claim 8 (Original): The method of claim 1 wherein the digital data representing the constraints includes digital data representing system constraints stored in the memory.

Claim 9 (Original): The method of claim 8 wherein the system constraints include digital data representing bond conservation constraints.

Claim 10 (Original): The method of claim 8 wherein the system constraints include digital data representing proceeds neutrality constraints.

Claim 11 (Original): The method of claim 8 wherein the system constraints include mutual exclusion digital data for avoiding churning.

Claim 12 (Original): The method of claim 8 wherein the system constraints include mutual exclusion digital data for avoiding wash sales.

Claim 13 (Currently Amended): The method of claim 8 wherein the system [constrains] constraints include digital data for avoiding trading between subsidiaries of the same parent.

Claim 14 (Original): The method of claim 1 further comprising storing digital data representing an objective function for optimization.

Claim 15 (Original): The method of claim 14 wherein the objective function substantially maximizes tax deductions generated by traded participants' portfolios.

Claim 16 (Original): The method of claim 14 wherein the objective function substantially maximizes a total book loss in participants' portfolios.

Claim 17 (Original): The method of claim 14 wherein the objective function includes data representing economic value of tax deferral.

Claims 18 - 69 (Canceled)

Claim 70 (New): The method of Claim 1, wherein the multiple parties comprise two or more affiliated parties, and the portfolio holdings comprise at least one fixed income instrument held by at least one of the two or more affiliated parties.

Claim 71 (New): The method of claim 70, wherein:

if the at least one fixed income instrument is not held by any party other than the two or more affiliated parties, then said system constraints comprise a constraint that prevents the two or more affiliated parties from buying the at least one fixed income instrument, and

if the at least one fixed income instrument is held by at least one party other than the two or more affiliated parties, then said system constraints comprise a constraint that requires the amount of the at least one fixed income instrument bought by the two or more affiliated parties to be less than the amount of the at least one fixed income instrument sold by all parties other than the two or more affiliated parties.

Claim 72 (New): The method of Claim 1, wherein the defined trading requirements comprise distinct trading requirements for each of the two or more affiliated parties.

Claim 73 (New): The method of Claim 1, wherein the digital data representing the constraints includes digital data representing system constraints stored in the memory, and wherein said system constraints comprise constraints designed to reduce the likelihood of trades between the two or more affiliated parties.

Claim 74 (New): The method of claim 73 wherein the digital data representing the constraints includes digital data representing user constraints defining relationships between portfolio instruments that should be satisfied in a resultant portfolio produced by the optimization engine during optimizing.

Claim 75 (New): The method of claim 74 wherein the user constraints include digital data representing duration neutrality constraints.

Claim 76 (New): The method of claim 74 wherein the user constraints include digital data representing convexity neutrality constraints.

Claim 77 (New): The method of claim 74 wherein the user constraints include digital data representing par-value weighted attributes.

Claim 78 (New): The method of claim 74 wherein the user constraints include digital data representing proceeds bounding within sectors.

Claim 79 (New): The method of claim 73 wherein the system constraints include digital data representing bond conservation constraints.

Claim 80 (New): The method of claim 73 wherein the system constraints include digital data representing proceeds neutrality constraints.

Claim 81 (New): The method of claim 73 wherein the system constraints include digital data representing non-negativity and boundedness.

Claim 82 (New): The method of claim 73 wherein the system constraints include mutual exclusion digital data for avoiding churning.

Claim 83 (New): The method of claim 73 wherein the system constraints include mutual exclusion digital data for avoiding wash sales.

Claim 84 (New): The method of claim 1 wherein the digital data, stored in computer memory, representing the constraints of the multiple parties is organized in accordance with a formal grammar.

Claim 85 (New): The method of claim 84 wherein the formal grammar includes representation of logical relationships among sectors.

Claim 86 (New): The method of claim 85 wherein the formal grammar includes specifying bounded linear constraints.

Claim 87 (New): The method of claim 86 wherein the formal grammar comprises specifying base attributes and normalization attributes of the constraints.

Claim 88 (New): The method of claim 1 wherein the predetermined objective is programmed as an objective function.

Claim 89 (New): The method of claim 1 further comprising supplying to the optimization engine digital data representing pricing information for fixed-income instruments of the portfolios, the pricing information being provided by an unbiased source, wherein the unbiased source is not a publicly-available database.

Claim 90 (New): The method of claim 1 wherein the step of optimizing comprises computer processing of a linear programming problem.

Claim 91 (New): The method of claim 1 wherein the step of optimizing comprises computer processing of a mixed integer programming problem.

Claim 92 (New): The method of claim 1 wherein the step of converting further comprises converting digital data stored in the memory representing portfolio and constraint data into a matrix digital data suitable for processing by the optimization engine.

Claim 93 (New): The method of claim 1 wherein the step of converting includes parsing the user constraints and building a data structure stored in memory of at least one computer as a tree data structure.